

The President's Daily Brief

July 1, 1975

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~~*Top Secret*~~ 25X1

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1), (2), (3)
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FOR THE PRESIDENT ONLY

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LEBANON

A six-man, "non-political" cabinet containing neither Phalangists nor Socialists was formed in Beirut late yesterday. This represents a victory for Prime Minister-designate Rashid Karami and a defeat for President Franjiah.

Formal installation of the new cabinet by President Franjiah is expected today. According to press reports from Beirut, minor haggling is still going on over which portfolios are to be assumed by each of the six members. The speaker of the Chamber of Deputies, a leading Shia Muslim politician and longtime associate of Franjiah, told reporters this was "a minor point which cannot be described as an obstacle."

Franjiah and the country's other Christian leaders for more than a month had held out for participation by the right-wing Phalanges Party in the new government.

Phalangist leader Pierre Jumayyil so far has made no public statement. He met for several hours yesterday with Franjiah and Karami and probably agreed at least to refrain from public opposition to the new cabinet. It may take a few days for Jumayyil to convince his followers to lay down their arms and accept exclusion from the government.

The most prestigious Christian among the ministers is former president Camille Shamun, leader of the National Liberal Party. He and Karami are the two strongest politicians in the cabinet. The two were bitter opponents in the 1958 civil war; Karami will play up their reconciliation and Shamun's participation as a major concession to the Christians.

The other four members of the cabinet are political independents chosen to represent the country's major religious groups. Three of the four served in former prime minister Rashid Sulh's cabinet, which resigned in late May. Among them is Philip Taqla, who has been one of Lebanon's most able foreign ministers.

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Ghassan Tuwayni, a politically influential editor and publisher of Beirut's largest daily newspaper, will serve as minister of information, education, and planning. Generally pro-US, he served as deputy prime minister in the early 1970s.

Fighting continued heavy in all areas of Beirut prior to the announcement of the cabinet. Formation of the government should lead to a reduction of hostilities and facilitate efforts of the security services to isolate and eliminate resistance by Lebanese leftists and the radical fedayeen.

The Lebanese army, according to press reports, is limiting its activities to protecting important installations in Beirut. The army is not known to have joined the security forces or the joint Lebanese-Palestinian patrols in attempting to flush out snipers.

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ARGENTINA

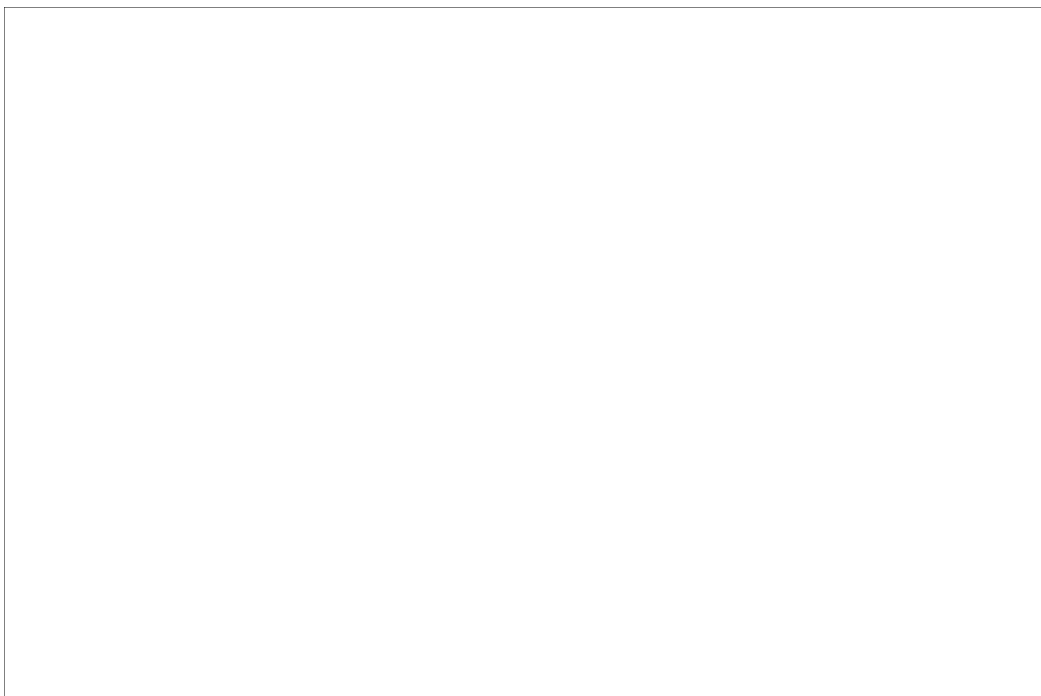
Sentiment is strong in the labor movement for a show of force against the government's decision last weekend to roll back wage increases the unions recently won from management. It is the most dangerous situation President Peron has faced in her year as president.

Labor leaders seem divided on how to proceed, but they are under heavy pressure from union members. General strikes have been declared in three provincial cities and wildcat strikes have broken out in Buenos Aires.

If it comes to a showdown, the government would be hard pressed to get the support it would need to prevail. Army leaders are said to have decided to adopt a hands-off policy right now; they realize they would need labor support if they assume control of the government. Peronist, as well as opposition, congressmen are expressing support for labor's position.

The interior minister, who is threatening to resign, is said to have warned fellow Peronists that presidential adviser Lopez Rega may resort to force in an attempt to keep them in line behind the President. Lopez Rega, in fact, is reputed to control a right-wing terrorist group that may have been responsible for a bombing attack on Sunday against a relative of a Peronist labor leader.

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Unless the US voices strong opposition, the Soviets are likely to keep their Soyuz-18 crew in orbit during the Apollo-Soyuz mission.

Last week, one of the Soviet cosmonauts scheduled for the joint mission announced that he would be communicating with the Soyuz-18 in space. The Soviet technical director for the Apollo-Soyuz mission backed off slightly on Sunday, however, when he informed NASA that a final decision on the duration of the Soyuz-18 mission had not been made. The Soviets are under some pressure to bolster their image as a space power. They may believe that simultaneous missions would serve this purpose and also would play down the major role the US has had in the project. The Soviets' capability to monitor and control two missions simultaneously is not known. Throughout their manned space program, they have had difficulty reacting to unforeseen problems, and they could be overburdened if problems develop in either mission.

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Thai Prime Minister Khukrit told the US ambassador in Bangkok before leaving for China that he expected his mission to establish diplomatic relations would proceed smoothly.

Khukrit said he did not expect the Chinese to cease support for the Thai communist insurgency simply because the two countries have established ties. He hopes to sign a trade agreement involving the sale of rice to China during his visit.

* * *

Turkish Cypriot leader Denktash's threat yesterday to expel the remaining Greeks from the Turkish zone in Cyprus, unless all Turkish Cypriots in the Greek zone are allowed to move to the Turkish-controlled areas, may be the first step toward an attempt to complete the separation of the two communities.

The Makarios government maintains that separation is tantamount to de facto partition and--except for hardship cases--has not allowed Greek Cypriots from the north to enter the Greek Cypriot zone or Turkish Cypriots to depart. Almost 8,000 Turkish Cypriots remain in the south and there are an equal number of Greek Cypriots in the north. If the Turks continue to expel the Greek Cypriots, it could lead to the cancellation of the third round of intercommunal talks, set to begin in Vienna on July 24.

* * *

The Thailand National Student Center announced yesterday that it was calling off anti-US demonstrations scheduled for July 4.

The students now plan to hold at a university campus a "general debate" on Thai policy toward the US. The postponement marks the second year in a row that student activists have failed in an attempt to organize massive anti-US demonstrations on July 4. Their failure not only underscores the fact that anti-Americanism in general is not a good rallying point in Thailand, but that disenchantment with student demonstrations is growing.

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Sporadic outbreaks continue in India, but our embassy discounts the possibility of widescale violence. The government continues to quash open criticism firmly.

Press censorship is becoming more stringent, and yesterday the Washington Post correspondent was given 24 hours to leave India. Other foreign correspondents are likely to get the same treatment. Indian journalists and editors are despondent and doubt that freedom of expression will ever be restored as long as Mrs. Gandhi is prime minister.

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The British pound continued its decline in European money markets yesterday, closing within 2 cents of its all-time low. Sterling has now lost about 7 percent of its value since the current slide began in May.

The growing belief abroad that the Wilson government can not or will not come to grips with Britain's economic woes is at the heart of the current pressure on sterling. Because of the large foreign holdings of sterling, the British currency is particularly vulnerable to such a loss of confidence.

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